

Reply Brief  
09/686,641

**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE  
BOARD OF PATENT APPEALS AND INTERFERENCES**

In re patent application of

Mittal et al.

Serial No. 09/686,641

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Atty. Docket No.: JP920000234US1

Examiner: Carlson, Jeffrey D.

For: DYNAMIC ON-LINE LEARNING SYSTEM FOR ELECTRONIC  
COUPONS USING ON-LINE AUCTIONS

Commissioner for Patents  
P.O. Box 1450  
Alexandria, VA 22313-1450

**APPELLANTS' REPLY BRIEF**

Sirs:

This Appellants' Reply Brief is in response to the Examiner's Answer dated October 20, 2006, which was in response to the Appellants' Appeal Brief of September 27, 2005, which was in response to the Notice of Non-Compliant Appeal Brief dated September 21, 2005, which was in response to the Appellants' Appeal Brief of June 20, 2005, which was in response to the Notice of Non-Compliant Appeal Brief dated May 20, 2005, which was in response to the Appellants' Appeal Brief of March 19, 2005 in which the Appellants respectfully appealed the final rejection of claims 1-61 in the Office Action dated October 21, 2004. A Notice of Appeal was timely filed on January 19, 2005.

### **STATUS OF CLAIMS**

Claims 1-5, 7-18, 20-24, 26-37, 39-43, 45-56, and 58-61 are all the claims pending in the application and are set forth fully in the attached appendix. Claims 1-61 were originally filed in the application. Appellants filed an Amendent under 37 C.F.R. §1.111 on June 28, 2004 amending the claims. Appellants filed an Amendent under 37 C.F.R. §1.116 on December 10, 2004 further amending the claims and cancelling claims 6, 19, 25, 38, 44 and 57. Applicants filed a supplemental Amendment under 37 C.F.R. §1.116 on June 20, 2005 amending claims 7, 8, 26, 27, 45, and 46 based on a telephonic interview between the undersigned attorney and the Examiner on June 16, 2005. Claims 1-5, 7-18, 20-24, 26-37, 39-43, 45-56, and 58-61 are being appealed. Claims 6, 19, 25, 38, 44 and 57 have been canceled. Based on the Office Action of October 21, 2004, claims 1-61 are rejected, although only claims 1-18, 20-37, 39-56, and 58-61 are presently pending in the application.

Claims 1-5, 8, 9, 12, 17, 18, 20-24, 27, 28, 31, 36, 37, 39-43, 46, 47, 50, 55, 56, and 58-61 stand rejected under 35 U.S.C. §103(a) as being unpatentable over Freeny, Jr. (U.S. Patent No. 6,513,016), hereinafter referred to as “Freeny”, in view of Godin et al. (U.S. Patent No. 5,890,138), hereinafter referred to as “Godin” and Schulze, Jr. (U.S. Patent No. 6,497,360), hereinafter referred to as “Schulze”. Claims 7, 14-16, 26, 33-35, 45, and 52-54 stand rejected under 35 U.S.C. §103(a) as being unpatentable over Freeny, in view of Godin, Schulze, and Hirshleifer (“Price theory and applications,” second edition, Prentice Hall, 1980, pp. 132-135). Applicants respectfully traverse these rejections based on the following discussion. Claims 10, 11, 13, 29, 30, 32, 48, 49, and 51 stand rejected under 35 U.S.C. §103(a) as being unpatentable over Freeny, in view of Godin, Schulze, and Day (U.S. Patent No. 5,857,175).

## **GROUND OF REJECTION TO BE REVIEWED ON APPEAL**

The issues presented for review by the Board of Patents Appeals and Interferences are whether claims 1-5, 8, 9, 12, 17, 18, 20-24, 27, 28, 31, 36, 37, 39-43, 46, 47, 50, 55, 56, and 58-61 are unpatentable under U.S.C. §103(a) as being unpatentable over Freeny, in view of Godin and Schulze, and whether claims 7, 14-16, 26, 33-35, 45, and 52-54 are unpatentable under 35 U.S.C. §103(a) as being unpatentable over Freeny, in view of Godin, Schulze, and Hirshleifer, and whether claims 10, 11, 13, 29, 30, 32, 48, 49, and 51 are unpatentable under 35 U.S.C. §103(a) as being unpatentable over Freeny, in view of Godin, Schulze, and Day.

The Office Action indicates that with regard to claims 1, 4, 5, 20, 23, 24, 39, 42, and 43, Freeny teaches a computerized system that monitors sales, demand and inventory supply and dynamically adjusts pricing. According to the Office Action, the system in Freeny enables advertising/promotional pricing using coupons that can be printed for customers and redeemed. The Office Action states that the coupon system in Freeny generates coupons that are dynamically priced as determined by the system [abstract, 4:4-11, 6:32-37, 7:35-37, 11:1 6-27]. The coupon system in Freeny, as interpreted by the Office Action, is taken to be electronic as the coupon data is stored on the computer and can be electronically changed. Further, according to the Office Action, the coupons include UPC codes which are electronically scanned upon redemption.

The Office Action suggests that while Freeny teaches several data inputs to the price determination system, he does not teach the use of auction data. However, the Office Action suggest that Godin teaches an online computer auction system which is used to sell goods. According to the Office Action, Godin teaches that a feature of the auctions is the ability to track the price/demand nature of the product. This, according to the Office Action, provides valuable

information to the manufacturer, instead of detailed testing, businesses can use auction data to determine price and demand information for specified products and a price demand curve can be created [7:60-8:5]. According to the Office Action, it would have been obvious to one of ordinary skill at the time of the invention to have looked to any source of pricing/demand data as an input to the system of Freeny including the auction-based data of Godin in order to create promotional pricing based upon a rich collection of price/demand data thereby creating more effective promotional pricing.

Regarding the auction-related parameters comprising non-quantitative attributes, Godin, as interpreted by the Office Action, teaches the collection and storage of user data such as name, address, city, province, postal code email address, telephone. This data is used in the online auction process, and according to the Office Action, each of these is taken to be a “non-quantitative attribute of a bidder.” The Office Action goes on to indicate that while postal code and telephone fields each comprise numeric digits, the data is numeric code representing qualitative information such as the general area of location (area code) or more specific area of location (postal code). The Office Action posits that area codes and postal codes are often classified as demographic data and taken to be qualitative.

Even though this data is stored using digits, the information is not quantitative and it would never be used in arithmetic calculations as quantitative values (such as price, tax rates, etc) would be according to the Office Action. Nonetheless a person’s name is clearly non-quantitative and represents a cultural attribute of that person as suggested by the Office Action. A person’s city is non-quantitative and represents a cultural attribute of that person according to the Office Action. Culture is such a broad term that any characteristic can be used to define a culture; the types of people using American Express cards can be said to belong to a credit card

culture different than Visa card holders according to the Office Action. The type of credit card is non-quantitative data according to the Office Action.

As indicated in the Office Action, the “for getting market information” language is taken to be functional language and intended use and does not provide a positive limitation.

Nonetheless, the combination provides an auction process and system for getting market information (price/demand data) so that promotional pricing can be dynamically created in the form of coupons as indicated in the Office Action.

The Office Action goes on to indicate that the creation of an reliance upon the price-demand relationship is taken to provide a “statistical” means for generating discount coupons (discount is a promotion scheme parameter according to the Office Action) for different market segments where each product or product type represents a market segment. The Office Action admits that neither Freeny nor Godin appear to teach the feedback of coupon redemption data in order to “learn, adapt and improve” the system, but instead the Office Action concludes that Schulze teaches an electronic coupon promotional system where coupon redemption data is used as an input to the coupon system in order to provide a feedback loop to improve the system. Additionally, the Office Action states that it would have been obvious to one of ordinary skill at the time of the invention to have fed back the results of the coupon system of Freeny and Godin as a closed loop system in order to improve the results and provide a system that “learns” in a manner as desired by Schulze.

Regarding claims 2, 3, 17, 21, 22, 36, 40, 41, and 55 the Office Action indicates that it would have been obvious to one of ordinary skill at the time of the invention to have electronically captured valuable auction data input for any well known auction types (such as Dutch auction, reverse auction, etc), so as to base pricing on a wide range of data in an

automated manner.

Regarding claims 8, 27, and 46, the Office Action posits that promotion coupon and advertising campaigns typically include such claimed parameters and it would have been obvious to one of ordinary skill at the time of the invention to have provided them in order to provide an effective promotion.

Regarding claims 9, 28, and 47, the Office Action indicates that the auction data represents a population of consumers who have interest in a product and would pay at least zero price for it – uninterested people do not bid. The Office Action further states that the purchases (winning bids) represent points on the price-demand curves and each purchase helps tell the story about the quantity or demand at each of those prices. Furthermore, according to the Office Action, these winning bids represent the fraction of all bids and are taken to represent fractional demand (number of purchases divided by all those interested). According to the Office Action, a product of (this fraction of the bidders who win) X (the interest population) = the number of winners or purchases – this value, according to the Office Action, is taught by the combination simply by the notion to create a price-demand curve.

Regarding claims 12, 31, and 50, the Office Action concludes that plural auctions for different products can inherently define different segments based on the product type. According to the Office Action, a marketer could define segments in any imaginable way for a plurality of products.

With respect to claims 18, 37, and 56, the Office Action suggests that selecting and providing the suggested auction-data input to the computerized pricing system functionality in order to output pricing decision and actions is taken to allow a user to “configure” the data sources. The Office Action goes on to state that the user implementing/building/programming

the system of Godin determines which bidder data fields are required to use the auction system.

Regarding claim 58, the Office Action suggests that the system is taken to inherently “learn” about online markets by mining information from current and past operations of similar online markets. Regarding claim 59, the Office Action indicates that Freeny teaches that the system monitors inventory levels and can adjust pricing, accordingly. According to the Office Action, this is taken to provide optimal inventory management. Regarding claim 60, Office Action suggests that the proposed combination provides an online electronic coupon generation system. Regarding claim 61, the Office Action concludes that it would have been obvious to one of ordinary skill at the time of the invention to have sold the marketing research to other firms so that they may use the same techniques to price, promote and sell their products.

With respect to claims 7, 16, 26, 35, 45, and 54, the Office Action suggests that the combination proposed by the combination of Freeny, in view of Godin, Schulze, and Hirshleifer contemplates the use of auction data in order to analyze the price-demand relationship in order to trigger price changes via coupon discounts. The Office Action states that Hirshleifer teaches optimal pricing analysis using price-demand curves. According to the Office Action, the slope of the demand curve reveals the relationship between price and demand, however the units of measurement used for price and demand affect the overall magnitude of the slope. The Office Action indicates that Hirshleifer in particular teaches the need for studying the “price elasticity” which is the proportional change in quantity demanded divided by the proportional change in price (pp. 132-133) which enables one to study the relative relationships without consideration for the measurement units. The Office Action concludes that it would have been obvious to one of ordinary skill at the time of the invention to have studied the *elasticity* of demand by studying the proportional changes of quantity vs. price as suggested by Hirshleifer. The Office Action

goes on to conclude that the coupons triggered by Freeny are taken to represent a determination that a product is “amenable to price discrimination”. The auction/sales data used (representing many transactions) is taken to represent a plurality of data sources, as interpreted by the Office Action. Further, according to the Office Action, the price demand curves inherently associate quantities demanded and price, for a collection of individual buyers.

Regarding claims 14, 33, and 52, the Office Action suggests that using auction data as sales data as an input into Freeny is taken to provide including winning bids in all of the auctions. According to the Office Action, the highest bids of all the bidders is taken to be the winning bids. Regarding claims 15, 34, and 53, the Office Action indicates that the demand curves taught by Freeny are based on the results of the sales for a plurality of products and plurality of quantities.

With respect to claims 10, 11, 13, 29, 30, 32, 48, 49, and 51, the Office Action states that Freeny, in view of Godin, Schulze, and Day in combination with one another render these claims unpatentable because the Office Action concludes that Day teaches that it is generally well known for retailers or manufacturers to offer coupons in order to encourage switching from a competitors brand (such switching is taken to also provide on product substitution as in claim 10 according to the Office Action) or to encourage quantity purchases (taken to be “up selling” according to the Office Action). According to the Office Action such would have been obvious to have employed with the combination in order to accomplish particularly desired sales.

Furthermore, the Examiner’s Answer states that the “claim scope has changed somewhat since the final rejection.”



## **ARGUMENT**

As mentioned above, the Office Action states that the “claim scope has changed somewhat since the final rejection.” It is unclear why such a statement is being offered in the Examiner’s Answer given the fact that the Advisory Action of January 7, 2005 clearly indicates that the “request for reconsideration has been considered but does NOT place the application in condition for allowance because: the final rejection is believed to have been proper.”

Accordingly, the fact that the claim scope has changed since the final rejection due to the Applicants submission of its Amendment under 37 C.F.R. §1.116 on December 10, 2004 (and entered by the Examiner as evidenced by the Advisory Action) is immaterial given that the Examiner feels that the final rejection given in the Office Action of October 21, 2004 was proper. Accordingly, the Applicants respectfully request that the Board dismiss this statement provided in the Examiner’s Answer as irrelevant.

### **1. Independent Claims 1, 20, and 39**

Appellants respectfully traverse the rejections in the Office Action of independent claims 1, 20, and 39 based on the following discussion. The Examiner’s Answer states that “for getting market information” language found in claim 1 is taken as functional language and accordingly, it appears that the Examiner may not be giving it patentable weight. However, the Examiner is not permitted to dismiss the functional limitations before determining obviousness. See In re Land, 368 F. 2d 866, 151 USPQ 621 (C.C.P.A. 1966). Furthermore In re Mills, 916 F.2d 680, 16 USPQ 2d 1430 (Fed. Cir. 1990) indicates that functional limitations must be given patentable weight even if they are the only limitations that are non-obvious over the prior art. See also In re Ludtke, 441 F.2d 660, 169 USPQ 563, 566 (C.C.P.A. 1971). The Examiner suggests that the

combination of Freeny, Godin, and Schulze teach “for getting market information”. However, none of the prior art references teach “means for conducting online actions using defined parameters for specified goods and/or services for getting market information,” which is what is being claimed by the Applicants. Accordingly, the rejection of claim 1 is improper and deficient.

Furthermore, the claimed invention, as provided in independent claims 1, 20, and 39 contain features, which are patentably distinguishable from the prior art references of record. Specifically, the independent claims 1, 20, and 39 include, in part, “means for automatically obtaining market demand data from defined sources of online auctions, means for conducting online actions using defined parameters for specified goods and/or services for getting market information, wherein said parameters comprise non-quantitative attributes comprising cultural attributes of bidders of said online auctions, means for storing and analyzing the data obtained from said online auctions or said conducted auctions to estimate demand and calculate promotion scheme parameters for issue of redeemable electronic coupons, wherein said means for storing and analyzing the demand data is a statistical means that generates the promotion scheme parameters for different market segments and receives the data from an electronic coupon issuing system as a feedback in order to dynamically learn, adapt and improve generation of said promotion scheme parameters, and means for generating said redeemable electronic coupons.”

There would simply be no motivation for one of ordinary skill in the art to combine Freeny, Godin, and Schulze together to try and teach the claimed invention. In Appellants’ amendment of December 10, 2004, the independent claims 1, 20, and 39 were amended to include the limitations of previous dependent claims 19, 38, and 57 (now cancelled), and which were previously rejected by the Office Action of October 21, 2004 as being unpatentable over Freeny in view of Godin and Schulze.

Furthermore, Freeny in combination with Godin and Schulze is legally unjustified, especially since each of Freeny, Godin, and Schulze take mutually exclusive paths to solve wholly unique solutions, and do not provide motivation for combination with one another. Insofar as references may be combined to teach a particular invention, and the proposed combination of Freeny with Godin, and Freeny with Godin and Schulze, case law establishes that, before any prior-art references may be validly combined for use in a prior-art 35 U.S.C. § 103(a) rejection, the individual references themselves or corresponding prior art must suggest that they be combined.

For example, in In re Sernaker, 217 USPQ 1, 6 (C.A.F.C. 1983), the court stated: “[P]rior art references in combination do not make an invention obvious unless something in the prior art references would suggest the advantage to be derived from combining their teachings.” Furthermore, the court in Uniroyal, Inc. v. Rudkin-Wiley Corp., 5 USPQ 2d 1434 (C.A.F.C. 1988), stated, “[w]here prior-art references require selective combination by the court to render obvious a subsequent invention, there must be some reason for the combination other than the hindsight gleaned from the invention itself. . . . Something in the prior art must suggest the desirability and thus the obviousness of making the combination.”

In the present application, the reason given to support the proposed combination is improper, and is not sufficient to selectively and gratuitously substitute parts of one reference for a part of another reference in order to try to meet, but failing nonetheless, the Appellants’ novel claimed invention. Furthermore, the claimed invention, as amended, meets the above-cited tests for obviousness by including embodiments such as using non-quantitative parameters for obtaining market information and the electronic coupon issuing feedback system. As such, all of the claims of this application are, therefore, clearly in condition for allowance, and it is

respectfully requested that the Board pass these claims to allowance and issue.

As declared by the Federal Circuit:

In proceedings before the U.S. Patent and Trademark Office, the Examiner bears the burden of establishing a prima facie case of obviousness based upon the prior art. The Examiner can satisfy this burden only by showing some objective teaching in the prior art or that knowledge generally available to one of ordinary skill in the art would lead that individual to combine the relevant teachings of the references. In re Fritch, 23 USPQ 2d 1780, 1783 (Fed. Cir. 1992) citing In re Fine, 5 USPQ 2d 1596, 1598 (Fed. Cir. 1988).

Here, the Examiner has not met the burden of establishing a prima facie case of obviousness. It is clear that, not only does Freeny fail to disclose all of the elements of the claims of the present invention, particularly, the non-quantitative parameters for obtaining market information such as cultural attributes, as discussed above, but also, if combined with Godin and/or Godin with Schulze, fails to disclose these elements as well. The unique elements of the claimed invention are clearly an advance over the prior art.

The Federal Circuit also went on to state:

The mere fact that the prior art may be modified in the manner suggested by the Examiner does not make the modification obvious unless the prior art suggested the desirability of the modification. . . . Here the Examiner relied upon hindsight to arrive at the determination of obviousness. It is impermissible to use the claimed invention as an instruction manual or "template" to piece together the teachings of the prior art so that the claimed invention is rendered obvious. This court has previously stated that one cannot use hindsight reconstruction to pick and choose among isolated disclosures in the prior art to deprecate the claimed invention. Fritch at 1784-85, citing In re Gordon, 221 USPQ 1125, 1127 (Fed. Cir. 1984).

Here, there is no suggestion that Freeny, alone or in combination with Godin or with Godin and Schulze teaches a method and apparatus containing all of the limitations of the claimed invention. Consequently, there is absent the "suggestion" or "objective teaching" that would have to be made before there could be established the legally requisite "prima facie case of obviousness."

Graham v. John Deere Co., 383 U.S. 1, 86 S.Ct. 684, 15 L.Ed.2d 545, U.S.P.Q. 459

(1966) provides the correct factual inquiries which establish a background for determining obviousness under 35 U.S.C. §103(a). The cited tests clearly indicate that the claimed invention is unobvious in light of Freeny, Godin, and Schulze.

First, the scope and content of each of Freeny, Godin, and Schulze are clearly different from the claimed invention. These references are each different and wholly unique from the claimed invention, as Freeny generally describes an advertising technique, Godin generally describes an auction system, and Schulze generally describes a coupon system. Conversely, the claimed invention is directed to a system and method for generating promotional scheme parameters for electronic coupons using market demand data from online auctions. Thus, while the claimed invention incorporates aspects of each of auction, advertising, and coupon systems, they are clearly not the sole focus of the claimed invention. Furthermore, the prior art references, contrary to the conclusion reached in the Examiner's Answer, do not discuss the market segment of the bidders being an important input to the promotional scheme design, whereas the claimed invention discusses how the market segment of the bidders from whom the demand curve is being determined be used to decide the market segment for electronic coupon distribution. In fact, different market segments may behave differently and this information is very useful to decide the discount value and time period for different market segments. Furthermore, contrary to the conclusion reached in the Examiner's Answer, the prior art does not discuss using multiple sources of demand data to arrive at promotional scheme parameters, which the claimed invention does. Thus, the scope and content of the prior art references are each unique from the claimed invention.

Second, there are significant elements of the claimed invention, which are neither taught

nor suggested in each of Freeny, Godin, and Schulze. For example, Freeny's advertising system provides a pricing system based on purchasing trends of shoppers. Conversely, the claimed invention uses the market data to establish parameters for issuing redeemable coupons. Thus, the establishment of pricing structures for various goods is a different concept than generating coupons based on market demand data. In another example, Godin's auction system provides an auction for selling goods but does nothing to consolidate data from the auction to further a business model. Conversely, the claimed invention uses data obtained from online auctions to determine promotion scheme parameters for the subsequent issuance of redeemable electronic coupons. Furthermore, Schulze's coupon system does nothing to improve the generation of promotional scheme parameters used to generate electronic coupons.

Third, the level of one of ordinary skill in the art is that of a programmer who works in information systems. Thus, such an individual, at the time of the invention, would not find the claimed invention obvious in light of Freeny, Godin, and Schulze. In fact, it is unlikely that such an individual would have thought to combine the separate and distinct teachings in Freeny, Godin, and Schulze to yield the claimed invention. Furthermore, the Appellants' invention requires knowledge in four distinct areas: (1) economics; (2) marketing; (3) productions and operations management (POM); and (4) computer programming. The level of one of ordinary skill in the art is that of a typical computer programmer, who most likely does not have the requisite business and POM background to understand how the economics of demand data ties into the marketing aspects of auction types and using that information to program a computer system that is capable of processing a combination of that information. Again, the standard is one of ordinary skill in the art, not four individuals collectively skilled in the art. The Federal Circuit has indicated that a person of ordinary skill in the art is a hypothetical person. Custom

Accessories Inc. v. Jeffrey-Allan Indus., 807 F.2d 955, 1 USPQ 2d 1196, 1201 (Fed. Cir. 1986).

Surely, if the Federal Circuit had intended for the scope of “one of ordinary skill in the art” to mean more than one person, then they would have explicitly said so. As such, the standard is a hypothetical person not “more than one” hypothetical “people”. Nonetheless, even if such a hypothetical individual existed and were to be so motivated, he/she would still fail to yield the claimed invention based on the combination of Freeny, Godin, and Schulze, as discussed above, and further discussed below.

Fourth, the manipulation of three separate and individually complex formulations which are provided in each of the prior art references, Freeny, Godin, and Schulze, individually, would not likely be easily combined by one of ordinary skill in the art in the manner suggested in the Office Action, let alone, in the manner provided by the claimed invention, which is indicative of the claimed invention being unobvious in light of Freeny, Godin, and Schulze. Additionally, the fact that three separate and distinct references must be combined to try and teach the invention, but failing nonetheless, is indicative of the claimed invention being unobvious. In fact, the USPTO has classified (based on the U.S. classification and international classification identifiers) the invention taught in Schulze differently than either Freeny or Godin. This strongly indicates that the references are non-analogous.

The Examiner’s Answer cites In re Leonard R. Kahn (CAFC, 04-1616, March 22, 2006) quoting In re Wood, 599 F.2d 1032, 1036 (C.C.P.A. 1979) as indicating that common sense should be used in deciding “which fields a person of ordinary skill would reasonably be expected to look for a solution to the problem facing the inventor.” The Applicants suggest that it is common sense to conclude that one of ordinary skill in the art is a computer programmer. Thereafter, the Examiner’s Answer posits that one of ordinary skill in the art would have been a

computer programmer with a Masters in Business Administration (MBA) degree as well. The Federal Circuit has commented on the determination of the level of ordinary skill in Custom Accessories Inc. v. Jeffrey-Allan Indus., 807 F. 2d, 955, 1 USPQ 2d 1196, 1201 (Fed. Cir. 1986), which states:

The person of ordinary skill is a hypothetical person who is presumed to be aware of all the pertinent prior art. The actual inventor's skill is not determinative. Factors that may be considered in determining level of skill include: type of problems encountered in art; prior art solutions to those problems; rapidity with which innovations are made; sophistication of the technology; and education level of active workers in the field. Not all such factors may be present in every case, and one or more of them may predominate.

Using this criterion, it is evident that a person of ordinary skill in the art would be a computer programmer. In fact, there is nothing in the record or the prior art references themselves that would indicate that one of ordinary skill in the art is anyone other than a computer programmer, and not someone with an advanced degree in business. Generally, the field of art that the invention pertains is on-line computer systems that use auction methodologies. While the invention may be used in several different applications, those who would actually practice the invention by making it or reproducing it or constructing it would be a computer programmer. In fact, it would only be this type of individual who would be capable of taking the specifications of what the invention provides and creating an online system for practicing the invention. In practice, computer programmers often receive a specification of what is desired in a computer/software program or computer system. These specifications may include user functionalities, front-end implementations, and back-end support. However, the means by which these results are achieved are typically left to the discretion of the computer programmer himself. Upon completion of the computer program and system, the computer



programmer generally tests the program or system to ensure that all of the requirements of the specification are met; that is, does the program or system have all of the functionalities provided by the specification? This is usually referred to as “beta testing”. If the results of the beta testing indicate that some portion of the program or system is not functioning correctly as determined either from a technical sense by the computer programmer or from an end-user sense by another individual, then the computer programmer makes technical changes to the program or system. However, if the results of the beta testing indicate that program or system is working correctly, but that other features should be added or current features should be removed or changed, then typically that is determined by someone other than a computer programmer, such as a systems engineer or someone focused on business development (perhaps someone with an MBA). Clearly, these are two different levels of skill involved. For purposes of determining obviousness, a person of ordinary skill in the art would be one who at the time of the invention would feel that the Appellants’ invention is obvious in terms of making, creating, practicing, etc. This individual would be a computer programmer who would be charged with the task of actually making, creating, practicing the computer program or system and not one who would be in charged with the task of critiquing the merits of the program or system or seeking business development for its use.

Additionally, it is clear that during the time period that the invention was created (during the year 2000), the industry was inundated with online computer software and systems and thousands of “dot.com” companies existed for this very purpose. Accordingly, thousands of new products were being developed on a daily basis and as such the art field was not only crowded, but over saturated, as evidenced, in part, by the eventual “dot.com burst” that occurred in late 2001. Accordingly, the industry in the year 2000 was accepting of any advances in the art as

evidenced by the financing that was extended to the dot.com companies and other individuals who had, in some circumstances, nothing more than an idea. Clearly, the Applicants provided such an advance. Accordingly, innovations in this area were made with great rapidity at the time of the invention.

Thus, the claimed invention, as amended, meets the above-cited tests for obviousness by including embodiments such as storing and analyzing of the demand data is by a statistical method/means that generates the promotion scheme parameters for different market segments, and wherein storing and analyzing the demand data receives the data from an electronic coupon issuing system as a feedback in order to dynamically learn, adapt and improve generation of said promotion scheme parameters. As such, all of the claims of this application are, therefore, clearly in condition for allowance, and it is respectfully requested that the Board pass these claims to allowance and issue.

Furthermore, Appellants strongly suggest that Freeny says nothing regarding generating market information using parameters associated with bidders of online auctions. In fact, all of the parameters associated with the advertising system in Freeny relate to quantitative data relating to inventory, time spent at the on-line store, amount purchased, and price. For example, col. 11, lines 27-40 of Freeny state, “The owner control system 12 receives sales and inventory data from the physical store systems 14 and/or the virtual store system 18. The sales and inventory data is indicative of product purchases, rate of product purchases and the remaining inventory at the physical store systems 14 and/or the virtual store system 18. Based on the sales and inventory data, the owner control system 12 is programmed to automatically output order data to order products from the product suppliers associated with the product supplier systems 16. The order data can be individualized for each of the physical store systems 14 and/or the

virtual store system 18 so that the ordered products are shipped from the suppliers to the correct locations.” As such, there is nothing in Freeny that suggests other non-quantitative factors are used to provide targeted advertising or for generating coupons.

Furthermore, col. 3, lines 14-33 of Freeny indicates that the inventors in Freeny envisioned that the owner control system 12 communicates with the physical store systems 14, and that the physical store systems 14 are located in physical locations such as shelves, boxes, slots, or other storage areas in retail supermarkets, drug stores, supply stores, inventory stocking areas, assembly sites, warehouses, or distribution facilities. Conversely, the claimed invention automatically obtains “market demand data from defined sources of online auctions.” Such data is not derived from a physical location as in Freeny, but rather in a non-physical online auction. Again, Freeny specifically refers to “physical locations” and that the Freeny system is “envisioned” to be adaptable in physical locations and not in non-physical locations such as online auctions. While, the online auctions take place using computers, which are physical devices, it is the actual online auction (non-physical) which provides the data input from which electronic coupons are generated in the claimed invention. Thus, Freeny actually teaches away from the claimed invention and actually tends to suggest an undesirable combination with an auction system such as the one provided in Godin.

Similarly, Godin is also bereft of any language relating to non-quantitative parameters used in generating market information. As with Freeny, all of the parameters associated with the auction system in Godin relate to quantitative data relating to price, quantity of product available, and time intervals relating to the auction and the goods offered in the auction. For example, step 78 in Figure 2 of Godin suggests that the auction system in Godin gathers personal information. However, col. 4, lines 45-47 in Godin suggest that this personal information only relates to the

user's "credit card number and expiry date." Furthermore, col. 7, lines 15-21 in Godin suggest storing user data in a database, whereby the data includes the "user's name and address and E-mail address, as well as credit card information." All of these parameters constitute quantitative parameters. As such, there is nothing in Godin that suggests other non-quantitative factors are used to provide targeted advertising or for generating coupons.

The Examiner's Answer suggests that Godin teaches non-quantitative attributes. Merriam-Webster's Dictionary defines "quantitative" as "of, relating to, or expressible in terms of quantity." Moreover, Merriam-Webster's Dictionary defines "quantity" as "an indefinite amount or number". The Examiner's Answer admits that credit card numbers are made up of digits, accordingly, these digits are numeric quantities as defined by the Merriam-Webster Dictionary. However, simply because an attribute does not contain numbers does not mean it is non-quantitative. Page 15 of the Appellants' specification describes how "non-quantitative" is being used in the context of the Appellants' specification. Clearly, the Applicants are using "non-quantitative" in a different manner than Godin or the Examiner. Accordingly, the claims should be read in light of the specification. It appears that the Examiner is interpreting that "non-quantitative" is anything that does not contain or can be expressed as numbers. Whereas, in the Appellants' invention "non-quantitative" is being used to describe attributes that are "fuzzy" (see Appellants' specification, page 15). Merriam-Webster's Dictionary defines "fuzzy" as "lacking in clarity or definition". Clearly, all of the attributes described in Godin have clarity or definition (i.e., one can clearly identify one's address, credit card number, name, etc.). However, the Appellants' "non-quantitative" attributes such as cultural attributers (i.e., cultural upbringing) is not readily defined. For example, exactly what constitutes "middle class"? This is clearly a "non-quantitative" attribute, which is different than what is taught in Godin.

Likewise, Schulze does not teach or suggest using non-quantitative parameters for generating market information. In the coupon system in Schulze, there is no teaching relating any parameters attributed with the consumer's personal information/data to the coupon generation process. In fact, Schulze only very generically describes storing consumer data in the form of consumer identity "in connection with the sale of the product" (see col. 7 line 67 to col. 8 line 7 in Schulze). As such, there is nothing in Schulze that suggests parameters at all, let alone non-quantitative factors, are used to provide targeted advertising or for generating coupons.

Additionally, there is no suggestion in Freeny, Godin, or Schulze how non-quantitative factors could be stored, and most importantly, considered by the respective systems for generating coupons. This is truly a unique feature of the claimed invention, which is able to garner this type of information, store it, process it, and use it for generating coupons. Thus, even if Freeny were combined with Godin or if Freeny were combined with both Godin and Schulze, it would still fail to teach or suggest to one of ordinary skill in the art how this generation of coupons would occur given an input of non-quantitative parameters.

The Office Action suggests that "[the word] culture is such a broad term that any characteristic can be used to define a "culture"." However, the Merriam-Webster dictionary generally defines "culture" as:

The integrated pattern of human knowledge, belief, and behavior that depends upon man's capacity for learning and transmitting knowledge to succeeding generations; the customary beliefs, social forms, and material traits of a racial, religious, or social group; the set of shared attitudes, values, goals, and practices that characterizes a company or corporation.

The Office Action suggests that a person's name and city are considered to be cultural attributes of a person. However, based on the above-recited definition provided by a reference

that is generally considered to be an acceptable and standard reference, it is evident that the interpretation of “cultural” provided in the Office Action and Examiner’s Answer is erroneous, overbroad, and legally unjustified.

In view of the foregoing, the Appellants respectfully submit that the cited prior art references do not teach or suggest the features defined by independent claims 1, 20, and 39 and as such, claims 1, 20, and 39 are patentable over Freeny alone or in combination with Godin or with Godin and Schulze.

**2. Dependent claims 2-5, 7-18, 21-24, 26-37, 40-43, 45-56, and 58-61**

**(a) Dependent Claims 2, 21, and 40**

Dependent claims 2, 21, and 40 generally provide, “wherein the means for obtaining demand data from online auction includes [an] ability to access different types of auctions including sealed-bid auctions, open-cry auctions, Dutch auctions and reverse auctions.” First, Freeny does not teach auction methodologies or auction systems. Second, Godin would not be combinable with Freeny for the reasons previously discussed above. Third, Godin does not specifically address accessing different types of auctions, let alone accessing sealed-bid, open-cry, or Dutch auctions. In fact, the only practical references to Dutch auctions or silent auctions in Godin are in the Background section when referring to different types of auctions. However, the description of the auction system disclosed in Godin is bereft of any language relating to how its system would function with the different types of auction systems. In fact, Godin merely refers to “auctions” in the generic sense and does not describe the specifics of the types of auctions its system can work with. Therefore, neither Freeny nor Godin teach all of the elements of dependent claims 2, 21, and 40 contrary to the broad assertion in the Office Action and

Examiner's Answer. Therefore, the Board is respectfully requested to reconsider and withdraw the rejections to claims 2, 21, and 40.

**(b) Dependent Claims 3, 22, and 41**

Dependent claims 3, 22, and 41 generally provide, "wherein said means for obtaining the demand data from online auctions is through software means to start capturing the demand data from the time the auction starts to the time it ends." First, Freeny does not teach auction methodologies or auction systems. Second, Godin would not be combinable with Freeny for the reasons previously discussed above. Therefore, neither Freeny nor Godin teach all of the elements of dependent claims 3, 22, and 41 contrary to the broad assertion in the Office Action. Therefore, the Board is respectfully requested to reconsider and withdraw the rejections to claims 3, 22, and 41.

**(c) Dependent Claims 17, 36, and 55**

Dependent claims 17, 36, and 55 generally provide, "wherein said means for estimating the market demand curve information from the online auctions is used to determine the decrement size in a descending or Dutch auction." First, Freeny does not teach auction methodologies or auction systems. Second, Godin would not be combinable with Freeny for the reasons previously discussed above. Third, Godin does not specifically address descending or Dutch auctions. Again, Godin merely refers to "auctions" in the generic sense and does not describe the specifics of the types of auctions its system can work with including whether its auction system can work with Dutch auctions. Therefore, neither Freeny nor Godin teach all of the elements of dependent claims 17, 36, and 55 contrary to the broad assertion in the Office

Action and Examiner's Answer. Therefore, the Board is respectfully requested to reconsider and withdraw the rejections to claims 17, 36, and 55.

**(d) Dependent Claims 2, 3, 17, 21, 22, 36, 40, 41, and 55**

The Office Action suggests that it would have been obvious to combine all of these features (of claims 2, 3, 17, 21, 22, 36, 40, 41, and 55) so as to base pricing on a wide range of data in an automated manner. However, Appellants assert that it would not have been obvious at the time of the invention to obtain demand data from different types of [online] auctions. It is important to remember that at the time of the filing of Appellants' application, October 10, 2000, online auctioning was still relatively unrefined. While different auction sites may have existed, there was no previous system or method which was capable of accessing data from the several different types of auctions, and one of the reasons for this is because each online auction site worked independently of one another and were often configured differently. That is, the online presentation was configured differently for each of the various auction sites. Thus, the ability to have one system being able to access differently configured online auction sites, coherently read data, coherently retrieve the data, and coherently store the data on its on system was clearly not established, nor would one of ordinary skill in the art readily understand how to undertake such a significant task until the Appellants' invention.

Furthermore, even if one of ordinary skill in the art would find it obvious to retrieve data from parts of some auctions, it is doubtful that the totality of the demand data could be parsed from various online auctions. That is, the totality of the data from the time the various auctions started until they ended. Clearly, such a task is an overwhelming achievement, which only the Appellants' invention has provided. Those skilled in the art would not find such features



obvious due to the technological breadth associated with such features. Next, one of ordinary skill in the art would hardly find it obvious to use the estimations of the market demand curve information from various online auctions to determine the decrement size in a descending or Dutch auction. These types of auctions are specific types of auctions and the ability to link estimations of market demand curve information to the decrement size in these types of data requires knowledge in four distinct areas: (1) economics; (2) marketing; (3) productions and operations management (POM); and (4) computer programming. The level of one of ordinary skill in the art is that of a typical computer programmer, who most likely does not have the requisite business or POM background to understand how the economics of demand data ties into the marketing aspects of auction types and using that information to program a computer system that is capable of processing a combination of that information. The standard is one of ordinary skill in the art, not four collective individuals collectively skilled in the art. Therefore, dependent claims 2, 3, 17, 21, 22, 36, 40, 41, and 55 are patentable over Freeny in view of Godin. Therefore, the Board is respectfully requested to reconsider and withdraw the rejections to claims 2, 3, 17, 21, 22, 36, 40, 41, and 55.

**(e) Dependent Claims 4, 23, and 42**

Claims 4, 23, and 42 generally provide, “wherein the demand data comprises of the names of products or services being auctioned, the bids from a plurality of bidders participating in an auction, the reserve prices of the auction, the duration of the auction, the total number of bids received for each product or service, market segment of the bidders.” The Office Action does not specifically address where in Freeny in view of Godin such features are described. Clearly, Freeny cannot teach these features because Freeny deals with an advertising system

providing a pricing system based on purchasing trends of shoppers. Freeny has nothing to do with auctions. Godin does not specifically describe considering the market segment of the bidders of the auction. Additionally, Godin would not be combinable with Freeny for the reasons previously discussed above. Thus, combining Freeny with Godin does not teach or render obvious the Appellants' claimed invention because neither Freeny nor Godin teach all of the elements of dependent claims 4, 23, and 42 contrary to the broad assertion in the Office Action and Examiner's Answer. Therefore, the Board is respectfully requested to reconsider and withdraw the rejections to claims 4, 23, and 42.

**(f) Dependent Claims 5 and 24**

Claims 5 and 24 generally provide, "wherein the demand data further includes the information specific to particular auction types such as the opening price and the successive decrements in case of descending ("Dutch") auctions. Again, Freeny clearly does not address auction methodologies or auction systems. Furthermore, Godin, which is not justifiably combinable with Freeny for the reasons previously discussed above, does not specifically address implementing descending (Dutch) auctions with its auction system. Therefore, neither Freeny nor Godin teach all of the elements of dependent claims 5 and 24 contrary to the broad assertion in the Office Action and Examiner's Answer. Therefore, the Board is respectfully requested to reconsider and withdraw the rejections to claims 5 and 24.

**(g) Dependent Claims 7, 9-11, 13-16, 26, 28-30, 32-35, 45, 47-49, and 51-54**

The final Office Action of October 21, 2004 takes as Official Notice several elements provided by the Appellants' claimed invention. In particular, the Office Action uses Official

Notice to reject claims dependent claims 7, 9-11, 13-16, 26, 28-30, 32-35, 45, 47-49, and 51-54.

MPEP §2144.03 provides that an “examiner may take official notice of facts outside of the record which are capable of instant and unquestionable demonstration as being ‘well-known’ in the art,” quoting *In re Ahlert*, 424 F.2d 1088, 165 USPQ 418, 420 (CCPA 1970). However, Appellants challenge how well-known it is to (1) estimate the market demand curve and the price elasticity for an auction item or product or service from a plurality of demand data sources as in the claimed invention; (2) suggest the discounting of a substitute of the product or item or service being auctioned as in the claimed invention; (3) suggest that the item being auctioned is a competitor’s item and the substituted product is promoter’s own [item] as in the claimed invention; and (4) suggest discounting of a cross selling or an up selling product to the product being auctioned as in the claimed invention.

In Appellants’ previous amendment filed on December 10, 2004, Appellants respectfully made a demand for evidence which supports the proposition asserted in the Office Action as to the whether the above-identified elements are in fact well-known. However, no evidence in support of these assertions was ever provided by the Examiner prior to the Examiner’s Answer. MPEP §2144.03 indicates that the Examiner must provide evidence in the next Office Action. In this case, the Examiner had an opportunity to provide evidence in the Advisory Action issued January 7, 2005, but chose not to. The Examiner’s Answer states that the Appellants’ demand for evidence was moot because there was no seasonable challenge in the June 28, 2004 Amendment. However, the June 28, 2004 Amendment does challenge the combination of the Official Notice with Freeny, Godin, and Schulze.

Furthermore, MPEP §2144.03 does not require that the Applicants make a demand for evidence on the next immediate response to an Office Action where Official Notice is taken.

Rather, MPEP §2144.03(B) simply and clearly states, “[t]he applicant should be presented with the explicit basis on which the examiner regards the matter as subject to official notice and be allowed to challenge the assertion in the next reply after the Office action in which the common knowledge statement was made.” The above passage clearly indicates that it is the Appellants’ right to challenge the Official Notice on the next reply after the Office action. However, there is nothing in the above language that requires the Applicant to do so. In other words, the rule is presented to the Examiner to “allow” an Applicant to challenge the Official Notice, but does not state that not challenging the rule is tantamount to acceptance of the Official Notice as admitted prior art or that the Applicant is estopped from asserting this challenge at a later date or in response to a subsequent Office action where the Official Notice is taken.

Additionally MPEP §2144.03(C) indicates that “[i]f applicant does not traverse the examiner’s assertion of official notice or applicant’s traverse is not adequate, the examiner should clearly indicate in the next Office action that the common knowledge or well-known in the art statement is taken to be admitted prior art because applicant either failed to traverse the examiner’s assertion of official notice or that the traverse was inadequate. If the traverse was inadequate, the examiner should include an explanation as to why it was inadequate.” In this case the next Office Action was on October 21, 2004, in which the Examiner failed to (1) clearly indicate that the common knowledge or well-known in the art statement is taken to be admitted prior art because appellants failed to traverse the examiner’s assertion of official notice; (2) clearly indicate that the common knowledge or well-known in the art statement is taken to be admitted prior art because appellants’ traversal was inadequate; or (3) indicate why the traversal was inadequate, when it had every opportunity to do any of these. Clearly, it is the Examiner, and not the Applicants, who has failed to act in procedural accord with the MPEP.

Moreover, as indicated, the Examiner had an opportunity in the Advisory Action of January 7, 2005 to respond to the Appellants' demand for evidence in its December 10, 2004 Amendment, but chose not to. Accordingly, to now permit the Examiner to submit the evidence is improper. As such, the teachings of Hirshleifer and Day should not be considered in a determination of obviousness under 35 U.S.C. §103(a).

Appellants suggest that the Examiner's Answer has used Hirshleifer and Day as the principle evidence to make its rejection and not merely to "fill the gaps". Therefore, because the Examiner has not properly provided evidence as required by MPEP §2144.03, the rejections to claims 7, 9-11, 13-16, 26, 28-30, 32-35, 45, 47-49, and 51-54 based on Official Notice are improper and should be withdrawn.

**(h) Dependent Claims 7, 26, and 45**

Claims 7, 26, and 45 generally provide, "wherein said statistical means includes means for estimating the market demand curve and the price elasticity for an auction item or product or service for a plurality of demand data sources, and means for determining if an item or product or service is amenable to price discrimination based on said estimated demand curve and price elasticity." Once again, Freeny clearly does not address auction methodologies or auction systems. The Office Action states that "the demand curves taught by Freeny, Jr. inherently provide price elasticity based on the results of the auctions for a plurality of products and a plurality of quantities." However, how can Freeny possibly teach or suggest this either explicitly or implicitly if Freeny does not discuss auctions in any manner? That is, Freeny has nothing to do with auctions as admitted on line 23, page 2 of the October 21, 2004 Office Action. Therefore, Freeny cannot inherently teach auctions either. The final Office Action takes as

Official Notice that these concepts are well known. Moreover, the Examiner's Answer suggests that Hirshleifer teaches these concepts. However, as discussed above, Appellants traverse the manner in which the Official Notice was taken and that the evidence (Hirshleifer) being submitted in the Examiner's Answer is improper. Therefore, neither Freeny nor Godin teach all of the elements of dependent claims 7, 26, and 45 contrary to the broad assertion in the Office Action. Therefore, the Board is respectfully requested to reconsider and withdraw the rejections to claims 7, 26, and 45.

**(i) Dependent Claims 9, 28, and 47**

Claims 9, 28, and 47 generally provide, "wherein said means for estimating the market demand curve is by considering the fractional demand at a particular price, the fraction of population that is willing to pay the price, computing the product of the fractional demand and the demand at zero price i.e. the size of the market willing to buy the product at zero price." The Office Action takes as Official Notice that these concepts are well known. Moreover, the Examiner's Answer suggests that Hirshleifer teaches these concepts. However, as discussed above, Appellants traverse the manner in which the Official Notice was taken and that the evidence (Hirshleifer) being submitted in the Examiner's Answer is improper. Therefore, the Board is respectfully requested to reconsider and withdraw the rejections to claims 9, 28, and 47.

**(j) Dependent Claims 10, 29, and 48**

Claims 10, 29, and 48 generally provide, "means for suggesting the discounting of a substitute of the product or item or service being auctioned." The Office Action takes as Official Notice that these concepts are well known. Moreover, the Examiner's Answer suggests that Day

teaches these concepts. However, as discussed above, Appellants traverse the manner in which the Official Notice was taken and that the evidence (Day) being submitted in the Examiner's Answer is improper. Therefore, the Board is respectfully requested to reconsider and withdraw the rejections to claims 10, 29, and 48.

**(k) Dependent Claims 11, 30, and 49**

Claims 11, 30, and 49 generally provide, "wherein said item being auctioned is a competitor's item and the substituted product is promoter's own." The Office Action takes as Official Notice that these concepts are well known. Moreover, the Examiner's Answer suggests that Day teaches these concepts. However, as discussed above, Appellants traverse the manner in which the Official Notice was taken and that the evidence (Day) being submitted in the Examiner's Answer is improper. Therefore, the Board is respectfully requested to reconsider and withdraw the rejections to claims 11, 30, and 49.

**(l) Dependent Claims 13, 32, and 51**

Claims 13, 32, and 51 generally provide, "suggesting discounting of a cross selling or an up selling product to the product being auctioned." Moreover, the Examiner's Answer suggests that Day teaches these concepts. However, as discussed above, Appellants traverse the manner in which the Official Notice was taken and that the evidence (Day) being submitted in the Examiner's Answer is improper. Therefore, the Board is respectfully requested to reconsider and withdraw the rejections to claims 13, 32, and 51.

**(m) Dependent Claims 14, 33, and 52**

Claims 14, 33, and 52 generally provide, “wherein said means for estimating the demand curve uses the winning bid and the highest bids of all the bidders for the case of open-cry or ascending auctions while for the descending auctions namely, Dutch auctions only the winning bid is used.” Moreover, the Examiner’s Answer suggests that Hirshleifer teaches these concepts. However, as discussed above, Appellants traverse the manner in which the Official Notice was taken and that the evidence (Hirshleifer) being submitted in the Examiner’s Answer is improper. Therefore, the Board is respectfully requested to reconsider and withdraw the rejections to claims 14, 33, and 52.

**(n) Dependent Claims 15, 34, and 53**

Claims 15, 34, and 53 generally provide, “wherein said means for estimating the market demand curve for an individual item uses demand data where multiple units of items are auctioned.” Moreover, the Examiner’s Answer suggests that Hirshleifer teaches these concepts. However, as discussed above, Appellants traverse the manner in which the Official Notice was taken and that the evidence (Hirshleifer) being submitted in the Examiner’s Answer is improper. Therefore, the Board is respectfully requested to reconsider and withdraw the rejections to claims 15, 34, and 53.

**(o) Dependent Claims 16, 35, and 54**

Claims 16, 35, and 54 generally provide, “wherein said means for estimating market demand curve uses the quantity demanded by an individual buyer at various price levels.” Moreover, the Examiner’s Answer suggests that Hirshleifer teaches these concepts. However, as



discussed above, Appellants traverse the manner in which the Official Notice was taken and that the evidence (Hirshleifer) being submitted in the Examiner's Answer is improper. Therefore, the Board is respectfully requested to reconsider and withdraw the rejections to claims 16, 35, and 54.

**(p) Dependent Claims 18, 37, and 56**

Claims 18, 37, and 56 generally provide, "means for the user to configure the sources of online demand data as well as the parameters for conducting online auctions on a plurality of products on specified URLs." First, Freeny does not teach auction methodologies or auction systems. Second, Godin would not be combinable with Freeny for the reasons previously discussed above. Therefore, neither Freeny nor Godin teach all of the elements of dependent claims 18, 37, and 56 contrary to the broad assertion in the Office Action and Examiner's Answer. Therefore, the Board is respectfully requested to reconsider and withdraw the rejections to claims 18, 37, and 56.

**(q) Dependent Claims 8, 27, and 46**

Claims 8, 27, and 46 generally provide, "wherein said promotion scheme parameters include the collection of items or products or services to be discounted, the amount of discount, the nature of discount, market segment for the promotion scheme, duration of promotion scheme and identification of methods of offering the scheme." However, neither Freeny nor Godin discuss market segments. Therefore, neither Freeny nor Godin teach all of the elements of dependent claims 8, 27, and 46 contrary to the broad assertion in the Office Action and Examiner's Answer. Therefore, the Board is respectfully requested to reconsider and withdraw

the rejections to claims 8, 27, and 46.

**(r) Dependent Claims 12, 31, and 50**

Claims 12, 31, and 50 generally provide, “wherein the means for obtaining the demand data includes the ability to cover multiple market segments and suggest a promotion scheme targeted at different market segments. However, neither Freeny nor Godin discuss multiple market segments. Therefore, neither Freeny nor Godin teach all of the elements of dependent claims 12, 31, and 50 contrary to the broad assertion in the Office Action and Examiner’s Answer. Therefore, the Board is respectfully requested to reconsider and withdraw the rejections to claims 12, 31, and 50.

**(s) Dependent Claim 43**

Claim 43 generally reiterates the features of claim 39. Therefore, for the reasons previously discussed above, Freeny in view of Godin does not teach the features of claim 43. Therefore, the Board is respectfully requested to reconsider and withdraw the rejection to claim 43.

**(t) Dependent Claim 58**

Claim 58 generally provides, “wherein the system is extended to learn about the state of online markets by mining information from current and past operations of similar online markets in order to devise differential strategies for various market segments.” However, there is no supporting teaching in either Freeny or Godin of the features taught in claim 58. Case law establishes that an obviousness rejection is improper if specific claimed features are not taught in

the prior art, but are instead rejected on inherency. See generally, In re Spormann, 363 F.2d 444, 448, 150 USPQ 449, 452 (C.C.P.A. 1966). Thus, the obviousness rejection based on inherency for claim 58 is improper. Therefore, the Board is respectfully requested to reconsider and withdraw the rejection to claim 58.

**(u) Dependent Claim 59**

Claim 59 generally provides, “wherein said system is also used to provide for implementing optimal inventory management.” The Office Action on page 4, lines 11-13 indicates that Freeny’s system monitors inventory levels and can adjust pricing accordingly. However, “optimal inventory management” does not simply refer to price adjustments according to inventor levels. Rather, “optimal inventory management” may refer to raw materials, purchased parts and supplies, labor, partially completed (in-process) products, component parts, working capital, tools, machinery, equipment, and finished goods, etc. Thus, the overly broad generalization that “optimal inventory management” simply equates to monitoring inventory levels and adjusting pricing accordingly is incorrect and improper. Therefore, the Board is respectfully requested to reconsider and withdraw the rejection to claim 59.

**(v) Dependent Claim 60**

Claim 60 generally provides, “wherein said system is integrated with an online electronic coupon generation system to provide a complete system for issuing of redeemable electronic coupons.” Clearly, the “system” which is being integrated with the online electronic coupon generation system is a system that has the ability to retrieve auction data from online auctions. However, Freeny does not teach auction methodologies or systems. Thus, the system of claim

60 is patentably distinct from the system in Freeny. Therefore, the Board is respectfully requested to reconsider and withdraw the rejection to claim 60.

**(w) Dependent Claim 61**

Claim 61 generally provides, “wherein a generated market demand curve and said promotion scheme parameters are used to provide a data discovery service to a plurality of buyers in various market segments who use it for generating redeemable electronic coupons for their products or services.” However, neither Freeny nor Godin discuss various market segments. Therefore, neither Freeny nor Godin teach all of the elements of dependent claim 61 contrary to the broad assertion in the Office Action. Therefore, the Board is respectfully requested to reconsider and withdraw the rejections to claim 61.

**CONCLUSION**

In conclusion, the prior art references of record, either alone or in combination with one another, fail to teach essential elements of the Appellants’ claimed invention. In many instances, there appears to be an unnecessarily broad interpretation of the prior art references as indicated in the Office Action. As indicated above, regardless of how each of the prior art references are interpreted they still fail to teach the Appellants’ claimed invention as the prior art references either teach away from the Appellants’ claimed invention, are contrary to the Appellants’ claimed invention, or all together are bereft of any teaching whatsoever of the elements provided in the Appellants’ claimed invention.

In fact, each prior art reference cited by the Examiner is complete and functional in itself, so there is simply no motivation to use parts from or add or substitute parts to any reference to

try and teach, but failing nonetheless, the claimed invention. Moreover, because the references take mutually exclusive paths and reach different solutions to a similar problem, they essentially teach away from each other, and thus it would not be logical for one of ordinary skill in the art to combine them. However, even if the references were legally combinable, as indicated above, the references would not teach the claimed invention because several claimed features are lacking in the prior art references. Furthermore, the several rejections based on Official Notice are demonstrated to be improper because the Examiner has failed to timely provide documented evidence in support of the precepts taken in Official Notice as previously requested by the Appellants. Moreover, even if the evidence being submitted in the Examiner's Answer (Hirshleifer and Day) were properly considered, they would still fail to teach all of the elements of the Appellants' claimed invention.

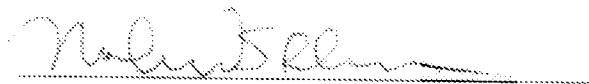
In view of the foregoing, the Appellants respectfully submit that the cited prior art references do not teach or suggest the features defined by independent claims 1, 20, and 39 and dependent claims 2-5, 7-18, 21-24, 26-37, 40-43, 45-56, and 58-61 and as such, independent claims 1, 20, and 39 and dependent claims 2-5, 7-18, 21-24, 26-37, 40-43, 45-56, and 58-61 are patentable over Freeny alone or in combination with Godin or with Godin and concepts identified as being taught by Hirshleifer and Day.

Accordingly, Appellants submit that claims 1-5, 7-18, 20-24, 26-37, 39-43, 45-56 and 58-61, all the claims presently pending in the application, are patently distinct from the prior art of record and are in condition for allowance. The Board is respectfully requested to cancel all of the rejections to the claims and to pass the application to issue. Please charge any deficiencies and credit any overpayments to Attorney's Deposit Account Number 09-0441.

Reply Brief  
09/686,641

Respectfully submitted,

Dated: December 20, 2006

A handwritten signature in dark ink, appearing to read "Mohammad S. Rahman", is written over a horizontal dotted line.

Mohammad S. Rahman  
Registration No. 43,029

Gibb Intellectual Property Law Firm, LLC  
2568-A Riva Road  
Suite 304  
(301) 261-8625  
(301) 261-8825 - fax  
Annapolis, MD 21401  
Customer Number: 29154